

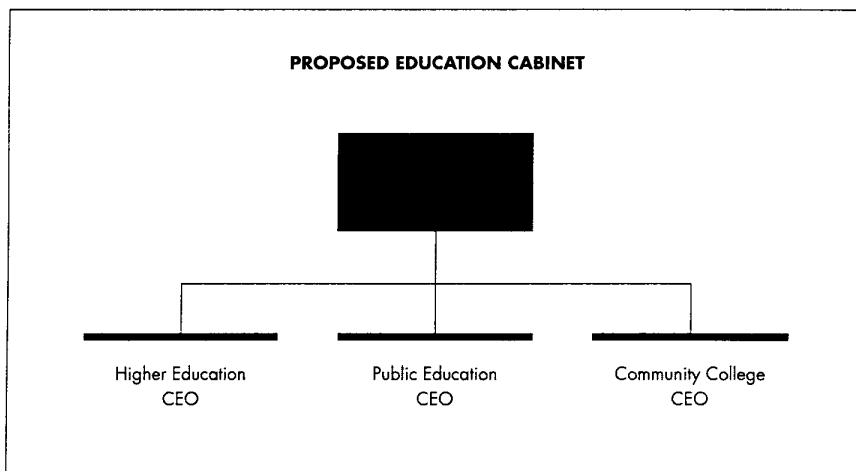
- Provide special funding for the work of the task force or seek foundation support.
- Design a detailed implementation plan and schedule.

RECOMMENDATION 24: *Create an education cabinet to focus the education resources and vision of the State on the shared issues affecting all three systems in the continuum of education.*

As education becomes a lifelong activity, from earliest childhood to postdoctoral and continuing education, there are more interrelated issues that need to be addressed by more than one of our three education systems. The State needs a high level organizational mechanism to address the policies and practices that cross existing boundaries.

This Committee does not believe that the State can effectively meet the needs of the future with our three governing boards—the State Board of Education, the State Board of Community Colleges, and the Board of Governors of the University of North Carolina—making decisions in isolation from each other. In fact, linkages of the three systems will continue to be more important than ever in early childhood education, workforce preparation, shared technologies, vocational education, instructional staff development, lifelong education and other emerging areas.

The General Assembly mandate for annual meetings of the system chief executive officers is a good start. To prepare our society for the decade and



(EXHIBIT 26)

century ahead, we need a structure and process to establish, monitor and evaluate interdependent policies and practices. Our Committee believes this is a role suitable for the Governor and the chief executive officers of the

"The State has put billions of dollars into public education. It's not working. It's broke, can't be repaired and must be changed. One of the best ways to change it is to put it all together under one roof. Then you can have a Governor who is truly the Education Governor."

Walter R. Davis
Kitty Hawk

State's public education, community college and university systems. We recommend that the General Assembly:

- Create an Education Cabinet consisting of the chief executive officers of the public education, community college and university systems, and chaired by the Governor.
- Mandate the Education Cabinet to develop a coherent vision for education in North Carolina, which links a continuum of education delivery from early childhood through post-doctoral studies and lifelong education.
- Authorize the Education Cabinet to deal with inter-system planning and evaluation, policies and funding strategies.

RECOMMENDATION 25: *Modify the governance systems of the three publicly funded education systems to make them more similar.*

The State's three education systems have very different governance structures, which impedes shared decision-making, intersystem planning and joint problem resolution. The State Department of Public Instruction is headed by an elected official, while the North Carolina Community College System and the University of North Carolina System are presided by appointees. The systems' chief executive officers and boards have unequal powers. On the one hand, the public education system is among the most centralized in the nation, with a large Department of Public Instruction and the bulk of the funding coming from the State. On the other hand, the North Carolina Community College System is so decentralized, it is hardly a system at all. Somewhere between the two, the University of North Carolina balances centralized policy-making and resources with decentralized administration. Our Committee found that there are sometimes competitive or combative positions between the three systems.

Our goal is to create three parallel—not identical—systems that can work together to address the continuum of North Carolina's education needs. We believe that to enable our three independent systems of education to work and act together, we must minimize the differences in authority of the heads of the three systems and their relationships to each of their three Boards. We recommend that the General Assembly:

- Modify the governance structures of both community colleges and public education to achieve a better balance and improve service delivery.
- Continue the operation of the State Board of Education, the State Board of Community Colleges and the University of North Carolina Board of Governors, but change the appointment process to more

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"There is no one more passionately committed to cooperation between the university, the private university and the community college than I have been, and I tell you, it is like rolling a stone up a hill."

Dr. James R. Leutze
Chancellor,
UNC-Wilmington

equitably balance the influence of the Governor and the General Assembly.

RECOMMENDATION 26: *Empower the State Board of Education to appoint the State Superintendent of Public Instruction, who will then report and be accountable to the Board.*

The issue of an appointed versus an elected State Superintendent of Public Education has dominated the public education discussion for decades. As early as 1948, nearly 45 years ago, the Report of the State Education Committee found, “Experience during the past several years has shown the necessity for having in a state one coordinated educational authority to represent the state educational system in educational matters affecting the entire state...When the reorganized State Board of Education is established, it should be authorized to appoint the State Superintendent of Public Instruction.” Since then, the General Assembly, Governor, media, teachers groups, PTAs and others have continued to argue pro and con about the relative merits of this change.

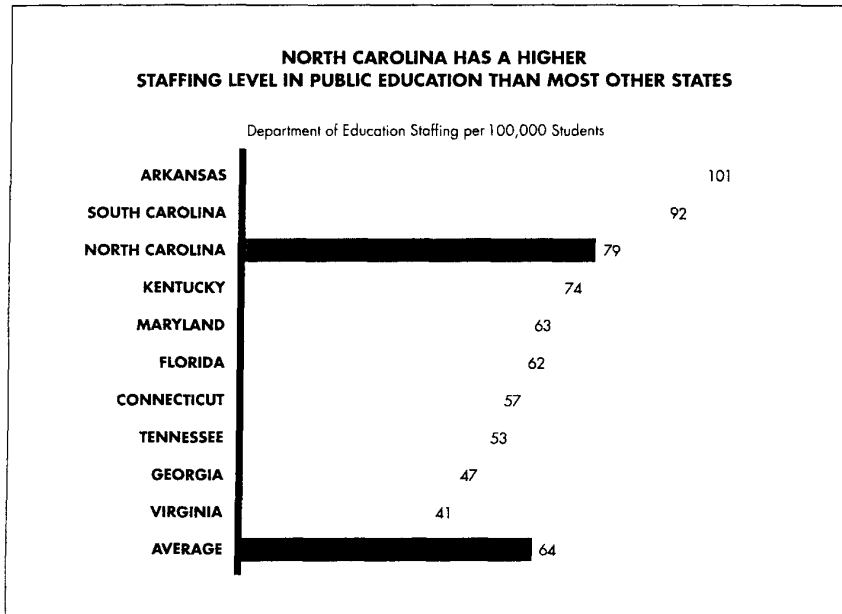
The debate should have ended long ago. The State Board of Education should be responsible—and accountable to the citizens of the State—for the selection, evaluation and performance of the State Superintendent of Public Instruction. Making this an appointed position will result in the most highly qualified professional leading our public schools, with incentives to focus more on performance than on politics.

RECOMMENDATION 27: *Restructure organization and governance of the public education system.*

The governance of public education in North Carolina is flawed. There are too many chiefs, and not enough accountability. The General Assembly is responsible for allocating appropriations, the Governor is responsible for oversight, the State Board of Education is responsible for setting statewide policy, and the State Superintendent is responsible for managing the Department of Public Instruction. Furthermore, the Superintendent is elected, and therefore accountable to the voters, not the executive branch. The State Board of Education is appointed, but the eight-year terms limit the Governor’s influence. Even the strongest commitment to education is limited when one’s hands are tied.

North Carolina’s public education system is one of the most centralized in the nation. With 840 employees, it is roughly double the size of departments in peer states, such as Virginia. The people lost in this many-tiered system are the principals and the teachers, who have responsibility for what goes on in their schools and classrooms, and the local school boards, which are supposed

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Sources: Digest of Education Statistics and KPMG Peat Marwick Survey

to be the citizens' representation of what they as parents and taxpayers would like their local education system to be. We recommend that the General Assembly:

- Focus clear accountability with the Governor and the State Board of Education.
- Modify the State Board of Education appointment process to include the General Assembly. Reduce board terms to four years and stagger appointments.
- Downsize and decentralize the Department of Public Instruction. Eliminate excessive layers of management and narrow spans of control.
- Eliminate administrative tenure to focus local accountability with the principal.
- Focus staff development to address the current needs of the education community.

RECOMMENDATION 28: *Restructure public education funding to increase flexibility.*

The State invests heavily in public education, but is not getting the results we want. In fiscal year 1991, State appropriations amounted to \$3.2 billion, or 44% of all General Fund expenditures. The General Assembly funded the

"This State has conducted more studies, enacted more legislation, tried more different strategies than nearly anywhere else in the United States, but we still haven't produced the results we want."

Dr. Floretta
McKenzie
Educator

Basic Education Program for \$839 million from 1985-1993; through 1992, \$320 million of the original funding remains. These funds have been heavily weighted to fund positions for teachers, aides and professional support personnel. We recommend that the General Assembly:

- Continue to fund the Basic Education Program as scheduled.
- Redirect the remaining BEP funds toward higher priority areas, including funding small and poorer school districts, preschool programs and collaborative services programs.
- Use the School Improvement and Accountability Act of 1989 to drive resource allocation. Consolidate funding categories and grant flexibility in their use.
- Evaluate possible multi-district funding and programmatic strategies.
- Create additional staff development opportunities for teachers and managers who are directly involved in the education of children.
- Focus funding on collaborative services between human resource and education systems for at risk children.

RECOMMENDATION 29: *Modify higher education practices to ensure continued excellence.*

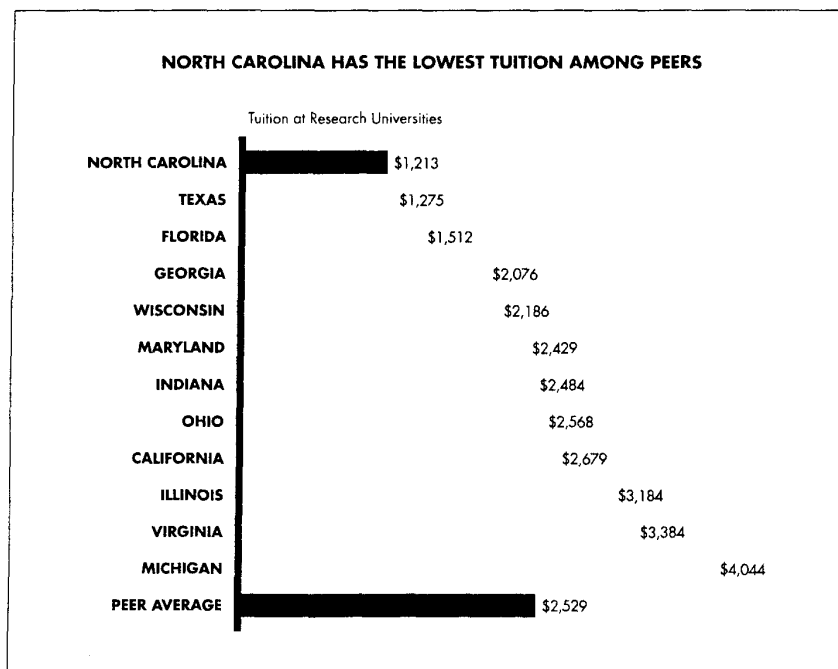
North Carolina has an outstanding and internationally recognized university system. It has historically served the State's economic development needs well. However, budget pressures of recent years have put a tremendous strain on the system, highlighting the fact that in a limited resource environment, the university will have to use its resources wisely to maintain its stature.

Several factors will have to change. Neither the General Assembly nor the Board of Governors of the University of North Carolina has established meaningful tuition and fee policies. Our Committee found that current tuition and fees are the lowest in the nation for similar institutions. The system's current program planning policy focuses more on controlling the establishment of new programs than on eliminating existing ones. As a result, there appear to be several instances of duplicative and overlapping programs. Finally, funding to private higher education has not been focused on specific objectives. We recommend that the General Assembly:

- Establish an average limit for "student costs" for North Carolina undergraduates.
- Mandate the governing boards of the university and community college systems to propose appropriate tuition rates, based on the General Assembly's definition of the Constitution's intent to keep

"We can't develop this State fairly and equally until we can guarantee companies that no matter where they locate in North Carolina, their employees will feel comfortable sending their children to the local public school system."

Senator
Marc Basnight
President Pro
Tempore of the
North Carolina
Senate



(EXHIBIT 28)

Source: KPMG Peat Marwick Survey

expenses free “as far as practicable” for contemporary fiscal conditions. Continue the present practice of applying increased tuition revenues to the systems’ expansion budget needs.

- Mandate the Board of Governors to formulate specific recommendations for increased financial aid funding, with a strong emphasis on a program of grants, commensurate with any increase in student financial needs generated by tuition increases.
- Strengthen the UNC program productivity review process.
- Conduct a comprehensive, one-time review of all university degree programs to identify and eliminate redundant, low priority and very low enrollment programs.
- Eliminate the Legislative Tuition Grant Program and redesign and expand the Contractual Scholarship Program based on student need. Review the Medical Student Aid Program to determine if the State’s medical professional needs are still being met.
- Establish accountability criteria for private universities and provide State funds only to students in institutions that meet them.
- Increase planning and coordination with the State’s economic development programs.

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RECOMMENDATION 30: *Establish a regional system of community colleges to make better use of limited resources.*

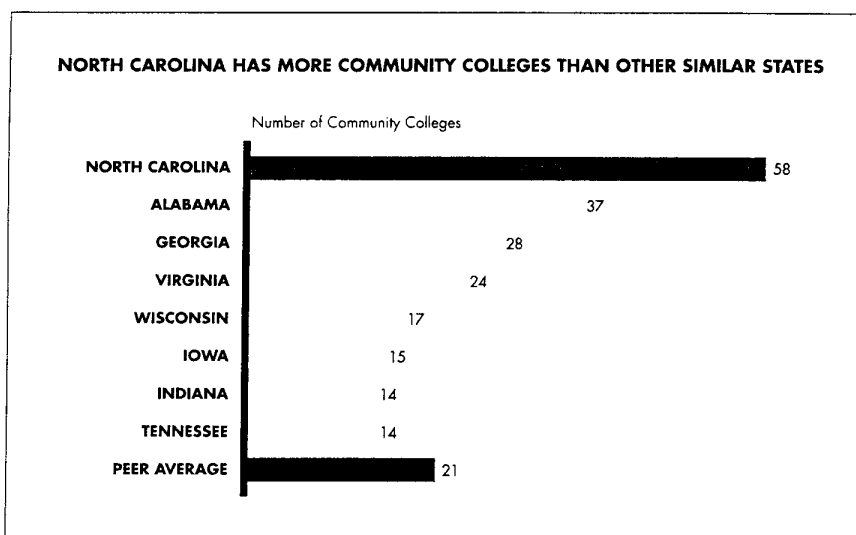
It is in the North Carolina Community College system that people learn technical skills, prepare for college transfer, master high school equivalency, overcome the barriers of illiteracy, and prepare for new levels of achievement. These functions are critical to the State's future, which will make increasingly complex workforce preparation demands on our citizens.

With 58 community colleges and 85 campuses, North Carolina's system is the second largest in the nation, just behind California, which is far larger in size and population. However, the system is not richly funded compared with national averages: the funding level for community college students is 25% below the national average, and the State ranks 48th in the level of average faculty salaries. While the State provides 70% of the system's funding, the balance of governance authority rests more with local boards and presidents than with the State Board.

Individual institutions vary widely in enrollments, program offerings and total budgets. Some community colleges are too small to offer a diverse selection of expensive technical programs, support administrative overhead and achieve a reasonable average cost. A regional system would allow the

"Continuing education must be viewed not as a poor stepchild of higher education, but as something that can help our population stay light on its feet and meet the challenges of a future where they are going to be changing careers several times."

Dr. Stephen Malcolm Gillis
Dean of Faculty,
School of Arts and Sciences, Duke University



(EXHIBIT 29)

Source: KPMG Peat Marwick Survey

State to provide improved program planning; better implement statewide curriculum standards; and support fewer, but higher quality, programs. We recommend that the General Assembly:

- Mandate a moratorium on the establishment of new colleges and satellite campuses until the State Board develops a plan to restructure the system. Future expansion of the North Carolina Community College system should focus on improving instruction rather than creating more campuses.
- Mandate the State Board to redefine the system's structure based on a regional view of program needs. A new plan would define enlarged service areas based on need.
- Change the statutory authority of the State Board from "approval" to "appointment" of the presidents of the local community colleges, to clarify accountability and enable the Board to fully exercise its statutory authority.

*"You will never
have excellent
schools unless you
have excellent
teachers, and you
will never have
excellent teachers
unless you
provide the
money, because
money is what
drives much of
human activity."*

Representative
Joe Hackney
Chapel Hill

